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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONER

IN THE MATTER OF THE APPLICATION OF  
TUCSON ELECTRIC POWER COMPANY  
FOR APPROVAL OF ITS 2011-2012  
ENERGY EFFICIENCY IMPLEMENTATION  
PLAN

Docket No. E-01933A-11-0055

RUCO'S NOTICE OF FILING

The RESIDENTIAL UTILITY CONSUMER OFFICE ("RUCO") hereby provides  
notice of filing the Direct Testimony of Jodi A. Jerich, in the above-referenced matter.

RESPECTFULLY SUBMITTED this 15<sup>th</sup> day of June, 2012.

Daniel W. Pozefsky  
Chief Counsel

AN ORIGINAL AND THIRTEEN COPIES  
of the foregoing filed this 15<sup>th</sup> day  
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Docket Control  
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1200 West Washington  
Phoenix, Arizona 85007

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2 mailed this 15th day of June, 2012 to:

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**TUCSON ELECTRIC POWER COMPANY  
DOCKET NO. E-01933A-11-0055**

**DIRECT TESTIMONY**

**OF**

**JODI A. JERICH**

**ON BEHALF OF**

**THE**

**RESIDENTIAL UTILITY CONSUMER OFFICE**

**JUNE 15, 2012**

1

2

3

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2 **INTRODUCTION**

3 **Q. Please state your name, occupation and business address for the**  
4 **record.**

5 A. My name is Jodi Jerich. I am the Director of the Arizona Residential Utility  
6 Consumer Office (RUCO). My business address is 1110 W. Washington  
7 Street, Suite 220, Phoenix, Arizona 85007.

8

9 **Q. Please state your educational background and qualifications in the**  
10 **utility regulation field.**

11 A. My educational background and qualifications are set forth in Exhibit A.

12

13 **Q. What is the purpose of your testimony?**

14 A. The purpose of my testimony is to explain RUCO's support of TEP's  
15 "Updated Plan" filed May 2, 2012.

16

17 **Q. What is the "Updated Plan"?**

18 A. The Updated Plan is the most recent version of TEP's Energy Efficiency  
19 Implementation Plan.

1 **SUPPORT OF UPDATED PLAN**

2 **Q. Why does RUCO support TEP's Updated Plan?**

3 **A.** RUCO supports the Updated Plan for the following reasons:

- 4 1. An overall budget that is far below the budget originally sought by  
5 TEP as well as the budget originally recommended by Staff, but that  
6 still provides TEP a reasonable opportunity to meet its EE goal.  
7
- 8 2. Elimination of the ARRT which RUCO contends is the unlawful  
9 creation of a new surcharge outside of a rate case.  
10
- 11 3. A reasonable bill impact that increases the DSM surcharge for the  
12 average residential consumer from \$1.10 to \$2.20.  
13
- 14 5. A performance incentive based in part on ultimate program  
15 performance rather than solely on program dollars spent.  
16
- 17 6. Allows TEP to recover the sizeable under collection as well as  
18 performance incentive monies due to TEP for 2010 and 2011.  
19

20  
21 In RUCO's opinion, this Updated Plan serves as a bridge mechanism that  
22 allows TEP to expand its EE programs, to begin recovery for money owed  
23 to it that no party in this docket disputes, and to be given a reasonable  
24 opportunity to meets its EE goals. It is a temporary measure that would  
25 last until the next rate case or next EE Implementation Plan. RUCO's  
26 support for the Updated Plan in this docket in no way commits RUCO  
27 support any future energy efficiency implementation plan or performance  
28 incentive methodology.  
29

1

2 **Q. Is the Updated Plan different from TEP's original proposal filed on**  
3 **January 31, 2011 and revised on August 22, 2011?**

4 **A.** Yes. It is very different.

5

6 **Q. Can you please briefly describe how and why TEP's EE**  
7 **Implementation Plan has changed since its original filing?**

8 **A.** Yes. TEP made its original 2011-2012 EE Implementation Plan in  
9 January 2011. To date, TEP has filed three modifications to that original  
10 filing. Below is timeline of relevant events associated with this matter:

11

12	January 11, 2011	Original Plan filed
13	August 22, 2011	TEP modifies Plan to reflect passage of time
14	November 16, 2011	Staff Report on TEP's Plan
15	January 10, 2012	Open Meeting where TEP requests matter
16		pulled to find compromise with stakeholders
17		
18	January 31, 2012	TEP files "Modified Plan" to address
19		stakeholder issues
20		
21	February 28, 2012	Updated Staff Report on Modified Plan
22		
23	March 16, 2012	Open Meeting where Commission sends
24		matter to an evidentiary hearing
25		
26	May 2, 2012	TEP files "Updated Modified Plan" to reflect
27		the passage of time
28		

**COMPARISON OF PLANS**

**Q. Please describe the differences in the total cost of the different proposals?**

**A. The chart below provides this information.**

**TOTAL PLAN COST**

	<b>CURRENT</b>	<b>TEP Original Plan (8/22/2011)</b>	<b>Staff Report (11/16/2011)</b>	<b>Modified Plan (1/31/2011)</b>	<b>Updated Modified Plan (5/2/2012)</b>
<b>TOTAL PLAN COST</b>	\$11 M	\$71.3M (over 12 months)	\$34.7 M (over 12 months)	\$59.3 M (Over 22 months) (Mar. 2012 – Dec. 2013)	\$27.9 M (over 15 months) (Oct. 2012 – Dec. 2013))
<b>DSM RATE</b>	\$0.001249	\$0.006343	\$0.003812	\$0.003608	\$0.002497
<b>AVG. RES. BILL IMPACT</b>	\$1.10	\$5.58	\$3.35	\$3.19	\$2.20



**Q. Please provide a breakdown of the various components of the Plan and how those components have changed over the course of time.**

**A.** That information is found in the chart below.

**BREAKDOWN OF PLAN COMPONENTS**

	<b>TEP Original Plan</b> (Exhibit 5)	<b>Staff Report</b>	<b>Modified Plan</b> (Over 22 months) (Mar. 2012 – Dec. 2013)	<b>Updated Modified Plan</b> (Over 15 months) (Oct. 2012 – Dec. 2013)
<b>PROGRAM COST</b>				
2012 Program Budget	\$24,739,192	\$24,739,192	\$18,532,606	
2013 Program Budget	N/A	N/A	\$18,532,606	
Oct. 2012 – Dec. 2013 Program Budget				\$18,532,606
<b>PERFORMANCE INCENTIVE</b>				
2010	\$1,114,648	\$1,114,648	\$1,114,648	\$1,114,648
2011	\$6,706,524	\$1,101,749	\$1,101,749	\$1,101,749
2012	\$8,577,172	\$2,099,197	\$7,246,379	\$3,283,854
2013	N/A	N/A	\$7,246,379	TBD in rate case
<b>UNDERCOLLECTED BALANCE</b>				
Thru 2011	\$13,440,236	\$5,614,113	\$5,614,113	\$3,862,556
<b>ARRT</b>				
2011-2012	\$16,768,377	N/A	N/A	N/A
<b>TOTAL</b>	<b>\$71,346,149</b>	<b>\$34,668,899</b>	<b>\$59,338,980</b>	<b>\$27,894,412</b>

1

2

**Q. Why should the Commission approve the Updated Plan when TEP will be filing a rate case in the very near future? Why shouldn't the Commission address this during the rate case?**

3

4

5

**A.** The Commission could do that. However, the rate case will take at a

6

minimum 12 months to go from Application to Decision. There is no

7

dispute among the parties that TEP has an under collected balance for

8

programs costs incurred over the last few years as well as money

9

owed for meeting performance incentive levels as the Commission

10

approved in TEP's last rate case. Finally, if this matter were to be

11

rolled into the rate case, there is no reason for TEP to ask for anything

12

less than the full amount of money they feel is due. In the Updated

13

Plan, TEP has compromised significantly on the amount of

14

undercollected money due and the amount owed for the 2011 and

15

2012 performance incentives.

16

17

18

**Q. When was the last time the Commission adopted an EE**

19

**Implementation Plan for TEP and set its DSM surcharge rate?**

20

**A.** The current rate of \$0.001249 was set in Decision No. 71720 and went

21

into effect on June 1, 2010.

1

2 **Q. Is the Updated Plan a variation of the Modified Plan?**

3 A. Yes. TEP filed the Modified Plan on January 31, 2012 after a series of  
4 meetings with stakeholders to find a compromise from its original EE  
5 Implementation Plan proposal which could be supported by RUCO and  
6 other parties who had various objections to one or more components of  
7 TEP's Plan. On February 14, 2012, RUCO filed a Notice in support of  
8 TEP's Modified Plan. (See Attachment B)

9

10 **Q. What are the differences between the Modified Plan and the Updated**  
11 **Plan?**

12 A. The most obvious difference is in the price tag. The reasons for this  
13 reduced cost are as follows:

14 **a. Duration of the Program:**

15 The Modified Plan included an \$18.5M program budget for 2012  
16 and again for 2013. The Updated Plan has an \$18.5M program  
17 budget for a 15 month time period starting October 2012 and  
18 ending December 2013.

19

20 **b. Performance incentive**

21 The Modified Plan proposed a \$7.2 M performance incentive for  
22 2012 and for 2013. The Updated Plan proposes a \$3.3 M

1 performance incentive for 2012 and leaves the 2013 performance  
2 incentive to be determined in the rate case.

3

4 **c. Undercollected balance**

5 The Modified Plan recognized a \$5.6 M undercollected balance.

6 The Updated Plan accepts a \$3.9 M undercollected balance.

7

8 **R. Does that conclude your testimony?**

9 **A.** Yes it does.

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## **ATTACHMENT A**

# **Statement of Qualifications**

**Jodi A. Jerich  
Director  
Arizona Residential Utility Consumer Office ("RUCO")**

Governor Jan Brewer appointed Jodi Jerich to serve as the Director of RUCO in February 2009. The Arizona State Senate found her qualifications to meet the statutory requirements to be Director found in Arizona Revised Statutes §40-462 and confirmed her appointment. As Director, Ms. Jerich oversees and approves all testimony and briefs filed by RUCO. In consultation with her staff, she directs the public policy direction of the office.

From 2003 through 2005, Ms. Jerich was employed at the Arizona Corporation Commission as the Policy Advisor to Commissioner Mike Gleason. In that role, she advised the Commissioner on matters coming before the Commission and was actively involved in the policy-making decisions of that Commissioner's office. In 2006 when Governor Janet Napolitano appointed Barry Wong to fill the Commission seat vacated when Marc Spitzer was appointed to serve on the Federal Energy Regulatory Commission (FERC), she took a short leave of absence from the Legislature to assist Commissioner Wong to establish his office.

Except for the time she was employed at the Commission, from 1997 through 2008, Ms. Jerich was employed at the Arizona House of Representatives. She

held numerous positions of ascending duties, eventually becoming Chief of Staff to the Speaker of the House and Counsel to the Majority Caucus. Relevant to utility regulation, Ms. Jerich advised Legislators on matters involving water, energy, Commission jurisdiction and utility infrastructure security.

Jodi Jerich is a Phi Beta Kappa graduate of Indiana University. She also is a graduate of the Indiana University Mauer School of Law and is a member of the Arizona and Tennessee state bars.

As RUCO Director, Ms. Jerich has sponsored testimony in several dockets involving policy positions regarding rate consolidation, decoupling and rate case expense. She has also filed testimony regarding settlement agreements that RUCO has signed and supported.

**ATTACHMENT B**



ORIGINAL

OPEN MEETING AGENDA ITEM



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BEFORE THE ARIZONA CORPORATION COMMISSION

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GARY PIERCE  
CHAIRMAN  
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AZ CORP COMMISSION  
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IN THE MATTER OF THE APPLICATION OF  
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Docket No. E-01933A-11-0055

RUCO'S NOTICE OF FILING

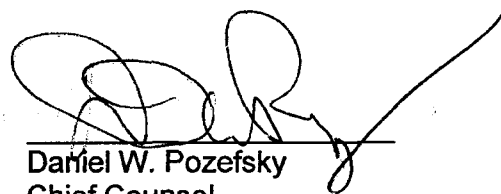
The RESIDENTIAL UTILITY CONSUMER OFFICE ("RUCO") hereby files notice of its support of Tucson Electric Power's ("TEP") Proposed Modified Implementation Plan ("Plan") filed with the Arizona Corporation Commission ("Commission") on January 31, 2012, and supports TEP's request that this matter be placed on an agenda for the February 23, 2012 Open Meeting.

RUCO has participated in the negotiations which resulted in the Plan. The negotiations were open, transparent and each party was provided ample opportunity to participate and express its position. The Plan, in RUCO's opinion, is a reasonable and balanced approach to a very difficult and unique set of circumstances. TEP believes that the Plan will allow it to meet its EE standard, and is in the public interest. The Plan does not include the controversial Authorized Revenue Recovery True-up mechanism ("ARRT"), adopts a program funding level 25% lower than Staff's recommendation, sets the 2012

1 budget almost \$5 million lower than the budget recommended by Staff, and sets the  
2 Demand Side Management Surcharge at \$0.003608 per kWh for residential customers,  
3 lower than the Company's \$0.007603<sup>1</sup> per kWh or Staff's recommended \$.003812 per  
4 kWh. The Plan, if approved would have an average bill impact of 2.39% or a monthly  
5 increase of \$2.08 on the residential bill. The parties will have the opportunity to revisit the  
6 issue when TEP files its next rate case in July, 2012.

7 In sum, the Plan is in the public interest and RUCO supports it.

8  
9 RESPECTFULLY SUBMITTED this 14th day of February, 2012.

10  
11  
12   
13 Daniel W. Pozefsky  
Chief Counsel

14 AN ORIGINAL AND THIRTEEN COPIES  
15 of the foregoing filed this 14th day  
of February, 2012 with:

16 Docket Control  
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1200 West Washington  
18 Phoenix, Arizona 85007

19 COPIES of the foregoing hand delivered/  
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21 Hearing Division  
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23 \_\_\_\_\_  
24 <sup>1</sup> Company's Exceptions, Exhibit A - Proposed Language

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16 By Cheryl Fraulob  
17 Cheryl Fraulob

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